IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA

WRS, INC., d/b/a WRS MOTION PICTURE LABORATORIES, a corporation,

Plaintiff,

vs.

PLAZA ENTERTAINMENT, INC., a corporation, ERIC PARKINSON, an individual, CHARLES von BERNUTH, an individual and JOHN HERKLOTZ, an individual,

Defendants.

C.A. No. 00-2041

Judge William L. Standish

PLAINTIFF'S ANSWERS TO DEFENDANT, JOHN HERKLOTZ'S, SECOND SET OF INTERROGATORIES AND RESPONSES TO REQUEST FOR PRODUCTION OF DOCUMENTS

AND NOW comes Plaintiff, WRS, Inc., by and through its counsel, Thomas E. Reilly, P.C., with the following Answers to Interrogatories and Responses to Request for Production of documents:

INTERROGATORIES

1. Please identify by month, day and year every complaint received by WRS regarding late shipments of any videos duplicated for Plaza and shipped by WRS, ensuring to include the name and address of the complaining parties, and WRS' response to the complaints received as indicated by WRS' answers to Herklotz's first set of interrogatories numbers 9 and 10 and produce all documents supporting WRS' response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS did not maintain a separate complaint file. The answer to Interrogatories 9 and 10 were based upon the recollection of Joseph Gerek and John Purdy. To the best of his recollection Jack Napor is not aware of any complaints or documents that recorded such complaints and therefore cannot answer with the specificity requested.

It is the recollection of Jack Napor that in May 1998, plaza submitted orders for dubs of "Giant of Thunder Mountain" a film with which Herklotz was involved. WRS did not process the order immediately because of the delay in obtaining a Plaza credit application and Herklotz's guaranty (Exhibit "B") to the Complaint. Based upon information in the file, WRS believes that Plaza's late order to WRS, and its delay in submitting the credit application and Herklotz's guaranty and other production problems that Plaza experienced with Central De Video caused Plaza to miss the "Street Date " for "Giant of Thunder Mountain." Missing this date was not the fault of WRS.

EXHIBIT

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2. Identify how WRS determined that Plaza "was not creditworthy on an unsecured basis" as stated in WRS' answer to Herklotz's First Set of Interrogatories No. 12, ensuring to include all research and/or steps taken by WRS in reaching this conclusion, and produce all documents supporting WRS' response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS had limited experience with Plaza but prior experience with Parkinson related ventures. In April 1998, Plaza sought an increase in credit from WRS related to the Giant of Thunder Mountain release. As evaluated by Joseph Gerek, John Purdy and Jack Napor of WRS, WRS was unwilling to extend the requested credit without an updated credit application, guaranty and security interest

3. Identify by month, day and year all discussions between WRS and Herklotz regarding the document attached to the complaint as Exhibit B ensuring to include the names of all WRS employees, agents, and/or representatives that communicated, in any form, with Herklotz and a synopsis of those discussions regarding the document attached as Exhibit B to the Complaint, and produce all documents supporting WRS' response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

May 5th or 6th of 1998. John Purdy spoke to Herklotz concerning the need for his guaranty, that the form would be faxed, he should sign, have it notarized and return. Purdy then faxed the document to Herklotz. Herklotz responded by returning a faxed letter with copy of signed Guaranty.

4. Identify by month, day and year all communications between WRS and Herklotz regarding the establishment of the lock box on behalf of Plaza by WRS with the National Bank of Canada pursuant to the Services Agreement attached to the Complaint as Exhibit D ensuring to include the names of the WRS employees and/or agents who had such communications with Herklotz, a detailed description of all identified communications and produce all documents that support your answer to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS objects to the interrogatory because it presupposes and implies that WRS was required to discuss the services agreement with Herklotz. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to discuss matters with Herklotz. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson were, imputed to Herklotz.

None.

5. Identify, by month, day and year, the 17-month period during which WRS, as stated in its answer to first set of interrogatories No. 17 propounded on WRS by Herklotz, that it billed Defendants for services rendered by WRS to Plaza pursuant to the Services Agreement attached to the Complaint as Exhibit D and produce all documents that support your response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

From the date of the Services Agreement, WRS was to deduct the $5,000 monthly accounting and service charge from the portion of the lock box payments due to Plaza. However, the amounts paid into the lock box at no time exceeded the amount due WRS for the dubs produced and shipped at Plaza's direction so WRS was never able to collect the $5,000 monthly service charge.

6. For the preceding Interrogatory, please identify all bills, invoices or other similar documents which were sent to Herklotz for all services rendered by WRS to Plaza pursuant to the Services Agreement attached as Exhibit D to the Complaint and produce all documents that support your response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS objects to the interrogatory because it presupposes and implies that WRS was required to deal directly with Herklotz regarding the services agreement. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to deal with Herklotz directly. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson was, imputed to Herklotz.

None.

7. Identify, by month, day and year, the time period for which WRS had accounting/record keeping problems and/or irregularities as set forth by Mr. Jack Napor in an interview that appeared in the *Pittsburgh Post-Gazette* dated August 26, 2001, and produce all documents that support your response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

The problems commenced with the conversion to a new computer system on January 1, 2000 and continued until discovered in fall of 2001.

8. For the preceding Interrogatory, identify whether any amounts billed to Defendants, pursuant to the account application attached to the Complaint as Exhibit A and the Services Agreement attached to the Complaint as Exhibit D, were in any way affected by WRS' accounting/record keeping problems and/or irregularities and produce all documents that support WRS' response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

The irregularities did not affect the Plaza Debt since no orders were generated after January 1, 2000.

9. Please identify by month, day and year whether there were any communications and/or discussions, at anytime, between WRS and Herklotz pertaining to variation of risk to Herklotz's alleged obligations under the document attached to the Complaint as Exhibit B, and if there were any communications and/or discussions, describe those communications and/or discussions and produce all documents that support WRS' response to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS objects to the interrogatory because it presupposes and implies that WRS was required to discuss with Herklotz variations of his risk and that his risk varied. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to communicate with Herklotz about its dealings with Plaza. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson was, imputed to Herklotz.

None.

10. Please state whether WRS ever consulted with, communicated and/or contacted Herklotz prior to entering into the Services Agreement, attached to the Complaint as Exhibit 0, with Defendant Parkinson and Von Bernuth and, if there were any communications, include a description of those communications and produce all documents that support WRS' responses to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS objects to the interrogatory because it presupposes and implies that WRS was required to deal directly with Herklotz regarding the services agreement. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to deal with Herklotz directly. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson and its representative Von Bernuth was, imputed to Herklotz.

None.

11. Please state whether WRS ever consulted with, communicated and/or contacted Herklotz at any time pertaining to the Services Agreement, attached to the Complaint as Exhibit D, with Defendant Parkinson and Von Bernuth and if there were any communications, include a description of those communications and produce all documents that support WRS' responses to Herklotz's Second Request for Production of Documents accompanying these Interrogatories.

ANSWER:

WRS objects to the interrogatory because it presupposes and implies that WRS was required to deal directly with Herklotz regarding the services agreement. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to deal with Herklotz directly. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson and its representative Von Bernuth was, imputed to Herklotz.

None

12. Please state whether Herklotz consented to and/or approved the Services Agreement attached to the Complaint as Exhibit D and, if so, describe the method(s) by which he consented and/or approved the same and produce all documents that support WRS' responses to Herklotz's Second Request for Production of Documents accompanying these interrogatories.

ANSWER:

WRS objects to the interrogatory because it presupposes and implies, that Herklotz's consent to the services agreement was required in order for his guaranty to be enforceable. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to obtain Herklotz's consent but was entitled to rely on his unconditional guaranty. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson and its representative Von Bernuth was, imputed to Herklotz.

Herklotz consented by signing and delivering the continuing and unconditional guaranty.

IV. PLAINTIFF'S RESPONSE TO DEFENDANT, JOHN HERKLOTZ'S SECOND REQUEST FOR PRODUCTION OF DOCUMENTS

1. Produce all documents supporting your answer to Interrogatory No. 1 pertaining to the identification by month, day and year of every complaint received by WRS regarding late shipments of any videos duplicated for Plaza and shipped by WRS.

RESPONSE:

WRS does note have a record pertaining to such complaints since WRS did not maintain a complaint file. WRS is aware that Plaza orders for Giant of Thunder Mountain placed in early May 1998 were delayed because of the need for Plaza to submit current credit application and Herklotz to submit the guaranty.

A Copy of Parkinson's recitation describing problem caused by Central De Video is attached and its delays with respect to Giant of Thunder Mountain is attached.

2. Produce all documents supporting your answer to Interrogatory No. 2 pertaining to all research and/or steps taken by WRS in reaching the conclusion that Plaza "was not

creditworthy on an unsecured basis" as stated in WRS' answer to Herklotz's First Set of Interrogatories No.12.

RESPONSE:

Joseph Gerek, then CFO of WRS monitored Plaza's payment history and determined in conjunction with Jack Napor that guaranty and security interest would be required to extend additional credit for duplication.

1. Hand written annotation of April 7, 1998
2. March 26, 1998 letter from Eric Parkinson
3. Hand written notes of March 27, 1998
4. March 27, 1998 fax from Lewis to Purdy
5. Handwritten notes of 3/28/98 attached to copy of Parkinson 3/26/98 letter.
6. Copy of 3/31/98 statement of account for Plaza
7. April 22, 1998 hand written notes of believed to be of Joe Gerek
8. 4/24/1998 Plaza Purchase Order for Giant of Thunder Mountain
9. Handwritten notes of 4/28/98
10. Copy of Credit hold processing 4/29/98
11. Copy of Credit hold processing 4/30/98
12. Copy of Credit hold processing 5/14/98
13. May 7, 1998 letter from Eric Parkinson
14. Handwritten notes on post-it note 5/8/98

See Response to Request 3.

3. Produce all documents supporting your answer to Interrogatory No. 3 pertaining to the identification, by month, day and year, of all discussions between WRS and Herklotz regarding the document attached to the Complaint as Exhibit B ensuring to include the names of all WRS employees, agents and/or representatives that communicated, in any form, with Herklotz regarding the same.

RESPONSE:

See responses to two above.

15. Purdy Fax to Parkinson on May 6,1998 with blank credit application

16. Fax from John Purdy of WRS to Herklotz dated May 6, 1998 with blank guaranty form attached.

17 Herklotz fax of May 6, 1998 with signed Herklotz guaranty dated May 6, 1998 (Guaranty attached as Exhibit "D" to Complaint.

18. Signed Credit application dated July 24, 1998 showing Herklotz as Chairman.

4. Produce all documents supporting your answer to Interrogatory No. 4 pertaining to the identification, by month, day and year, of all communications between WRS and Herklotz regarding the establishment of the lock box on behalf of Plaza by WRS with the National Bank of Canada pursuant to the Services Agreement attached to the Complaint as Exhibit D ensuring to include the names of all WRS employees and/or agents who had such communications with Herklotz.

RESPONSE:

WRS objects to the request because it presupposes and implies that WRS was required to discuss the lock box with Herklotz. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to discuss matters with Herklotz. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson were, imputed to Herklotz

None.

5. Produce all documents supporting your answer to Interrogatory No. 5 pertaining to the identification, by month, day and year, of the 17-month period during which WRS, as stated in its answer to First Set of Interrogatories No. 17 propounded on WRS by Herklotz, that it billed Defendants for services rendered pursuant to the Services Agreement attached to the Complaint as Exhibit D.

RESPONSE:

None.

6. Produce all documents supporting your answer to Interrogatory No. 6 pertaining to identification of all bills, invoices or other similar documents which were sent to Herklotz for all services rendered by WRS for Plaza pursuant to the Services Agreement attached to the Complaint as Exhibit D.

RESPONSE:

WRS objects to the request because it presupposes and implies that WRS was required to discuss matters with Herklotz. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to discuss matters with Herklotz. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson were, imputed to Herklotz

None.

7. Produce all documents supporting your answer to Interrogatory No. 7 pertaining to the identification, by month, day and year, of the time period for which WRS had accounting/record keeping problems and/or irregularities as set forth by Mr. Jack Napor in an interview that appeared in the *Pittsburgh Post-Gazette* dated August 26, 2001.

RESPONSE:

All records produced following January 1, 2000 reflect the irregularities, but do not impact Plaza debt. None will be produced.

8. Produce all documents supporting your answer to Interrogatory No. 8 pertaining to the identification of whether any amounts billed to Defendants pursuant to the account application attached to the Complaint as Exhibit A and the Services Agreement attached to the Complaint as Exhibit D were, in any way affected, by WRS' accounting/record keeping problems and/or irregularities.

RESPONSE:

Same as response to Number 7.

9. Produce all documents supporting your answer to Interrogatory No. 9 pertaining to whether there were any communications and/or discussions, at anytime, between WRS and Herklotz pertaining to variation of risk to Herklotz's alleged obligations under the document attached to the Complaint as Exhibit B.

RESPONSE:

WRS objects to the Request because it presupposes and implies that WRS was required to discuss with Herklotz variations of his risk and that his risk varied. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to communicate with Herklotz about its dealings with Plaza. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson was, imputed to Herklotz

None.

10. Produce all documents supporting your answer to Interrogatory No. 10 pertaining to whether WRS ever consulted with, communicated and/or contacted Herklotz prior to entering

into the Services Agreement, attached to the Complaint as Exhibit D, with Defendants Parkinson and von Bernuth.

RESPONSE:

WRS objects to the Request because it presupposes and implies that WRS was required to deal directly with Herklotz regarding the services agreement. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to deal with Herklotz directly. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson and its representative Von Bernuth was, imputed to Herklotz.

None other than identified in response to Number 3.

11. Produce all documents supporting your answer to Interrogatory No. 11 as to whether WRS ever consulted with, communicated and/or contacted Herklotz, at anytime, pertaining to the Services Agreement, attached to the Complaint as Exhibit D, that WRS entered into with Defendants Parkinson and Von Bernuth.

RESPONSE:

WRS objects to the Request because it presupposes and implies that WRS was required to deal directly with Herklotz regarding the services agreement. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to deal with Herklotz directly. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson and its representative Von Bernuth was, imputed to Herklotz.

See answer to request Number 3.

12. Produce all documents supporting your answer to Interrogatory No. 12 as to whether Herklotz ever consented to and/or approved the Services Agreement and the method(s) by which he consented and/or approved the Services Agreement.

RESPONSE:

WRS objects to the interrogatory because it presupposes and implies, that Herklotz's consent to the services agreement was required in order for his guaranty to be enforceable. Herklotz signed and delivered to WRS a continuing and unconditional guaranty that he could terminate with notice at any time. WRS had no duty to obtain Herklotz's consent but was entitled to rely on his unconditional guaranty. Furthermore, Herklotz was represented to WRS to be the CEO of Plaza. Knowledge of any discussions and arrangements with Plaza through its president, Parkinson and its representative Von Bernuth was, imputed to Herklotz.

Herklotz consented by signing and delivering the continuing and unconditional guaranty See response to Number 3.

13. Produce all of the following documents, identified by WRS in its answer to Interrogatory No. 7 propounded on WRS by Von Bernuth in his First Set of Interrogatories:

a. Services Agreement

b. Account Summary showing the outstanding balance due and owing WRS, Inc. by Plaza Entertainment, Inc. and guaranteed by John Herklotz and Charles von Bernuth;

c. List provided to WRS, Inc. of titles offered for sale by Plaza;

d. Advertisements of former Plaza titles offered for sale by Entertech Media Group, Inc. and Entertech Home Entertainment, Inc.;

e. Documentation sent by Eric Parkinson to WRS, Inc. as a representative of Entertech Home Entertainment Inc and Entertech Media Group, Inc.

f. Advertisements for former Plaza titles offered for sale by Blue Steel Releasing, Inc.

g. Information provided by Plaza, Inc. to WRS, Inc. regarding Plaza's history, business plans and projections; and

h. Aside from the above, WRS, Inc. may offer any document which it has in its possession, custody and control and which was or will be produced for inspection and copying by any party to this litigation."

RESPONSE:

a. copy attached as exhibit to Complaint.

b. copy attached to original Answers , Current copy attached.

c. will be produced for inspection and copying

d. will be produced for inspection and copying.

e. will be produced for inspection and copying

f. Cannot locate but will provide if located.

g. will be produced for inspection and copying

h. n/a

THOMAS E. REILLY, P.C.

BY:____________________________

Thomas E. Reilly, Esquire
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Pittsburgh, PA 15220
(412) 341-1600

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Defendants.

C.A. No. 00-2041

Judge William L. Standish

CERTIFICATE OF SERVICE

I, Thomas E. Reilly, Esquire, hereby certify that a true and correct copy of the Plaintiff's Responses to the Defendant's Second Set of Interrogatories and Requests for Production of Documents was hand-delivered to John Sieminski, Esquire and delivered to John W. Gibson, Esquire via first-class mail, postage pre-paid on the 11th day of November, 2005 to the following:

John W. Gibson, Esquire
Greenfield Court
1035 Fifth Avenue
Pittsburgh, PA 15219

John P. Sieminski, Esquire
Burns, White & Hickton
Four Northshore Center
106 Isabella Street
Pittsburgh, PA 15212

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/s/ Thomas E. Reilly
Thomas E. Reilly, Esquire
Attorney for Plaintiff, WRS, Inc., d/b/a WRS Motion Picture Laboratories, a corporation